DEVELOPMENTS IN THE MALAYSIAN ECONOMY

Growth moderated in the second quarter

The pace of growth of the Malaysian economy moderated in the second quarter (4.0%; 1Q 11: 4.9%) following a weaker external environment. The overall weakness in the advanced economies and the disruptions in the global manufacturing supply chain stemming from the disaster in Japan, were reflected in the slowdown in the manufacturing sector. Nevertheless, overall growth continued to be underpinned by the sustained expansion of private domestic demand. This was further supported by the strong exports of commodities and resource-based products given the favourable regional demand and high commodity prices.

GDP by Expenditure Components (at constant 2000 prices)

	2010		2011		
	2Q	1H	1Q	2Q	1H
	Annual change (%)				
Aggregate Domestic Demand (excluding stocks)	9.1	7.3	6.9	5.2	6.1
Consumption	7.8	6.6	7.1	5.9	6.5
Private sector	*7.9*	*6.5*	*6.7*	*6.4*	*6.6*
Public sector	*7.3*	*7.0*	*8.9*	*4.0*	*6.3*
Gross Fixed Capital Formation	12.9	9.5	6.5	3.2	4.7
Net Exports	-41.7	-25.9	-39.6	17.2	-21.4
Exports of Goods and Services	*14.0*	*16.5*	*1.4*	*4.1*	*2.8*
Imports of Goods and Services	*22.6*	*25.0*	*8.4*	*3.2*	*5.7*
GDP	**9.0**	**9.5**	**4.9**	**4.0**	**4.4**

Source: Department of Statistics, Malaysia

Sustained domestic demand

Domestic demand was sustained at 5.2% in the second quarter (1Q 11: 6.9%). Growth was supported mainly by private consumption and private investment.

Private consumption grew by 6.4% in the second quarter (1Q 11: 6.7%). Overall spending was supported by continued income growth and favourable labour market conditions. Continued high commodity prices also provided further impetus to spending in the rural areas. Major consumption indicators such as manufacturing sales of food and beverages, credit card spending and imports of consumption goods, registered improvements during the quarter. However, real private consumption was affected by higher food and fuel prices, with headline inflation averaging 3.3% in the second quarter (1Q 11: 2.8%). Higher inflation also affected consumer sentiments, as reflected by a slight drop in the MIER Consumer Sentiments Index to 107.9 points in the second quarter (1Q 11: 108.2 points). These factors resulted in more cautious spending on discretionary items during the quarter.

Public consumption continued to expand, albeit at a more moderate rate of 4.0% (1Q 11: 8.9%), due to expenditure on emoluments as well as supplies and services.

Gross fixed capital formation moderated to 3.2% (1Q 11: 6.5%), due mainly to lower public investment. Private investment, however, was sustained during the quarter. High capacity utilisation rates in the manufacturing sector led firms to expand their production capacity, while continued high crude oil prices underpinned increased exploration and development activity in the oil and gas sector. Capital spending was also supported by investments in new growth areas, namely solar, advanced E&E and medical equipment industries. There was continued growth in most major investment indicators, namely bank lending to businesses, production and sales of construction-related materials and sales of commercial vehicles. Importantly, business confidence improved, as evidenced by the increase in the MIER Business Conditions Index to 114.0 points in the second quarter (1Q 11: 113.3 points). Public investment was supported by continued high capital spending by non-financial public enterprises as Federal Government development expenditure declined during the quarter. The bulk of development expenditure by the Federal Government was focussed on the education, transportation, as well as trade and industry sectors.

Businesses and Consumers Remained Optimistic

Source: MIER

GDP by Economic Activity (at constant 2000 prices)

	2010		2011		
	2Q	1H	1Q	2Q	1H
	Annual change (%)				
Agriculture	2.8	4.9	-0.2	6.9	3.4
Mining	1.5	1.2	-4.2	-9.2	-6.6
Manufacturing	16.0	16.5	5.5	2.1	3.8
Construction	4.1	6.2	3.8	0.6	2.1
Services	7.4	8.0	6.4	6.3	6.4
Real GDP (Annual Change)	**9.0**	**9.5**	**4.9**	**4.0**	**4.4**
Real GDP (Preceding Change)	**3.8**	**0.0**	**-2.8**	**2.8**	**-0.6**

Source: Department of Statistics, Malaysia

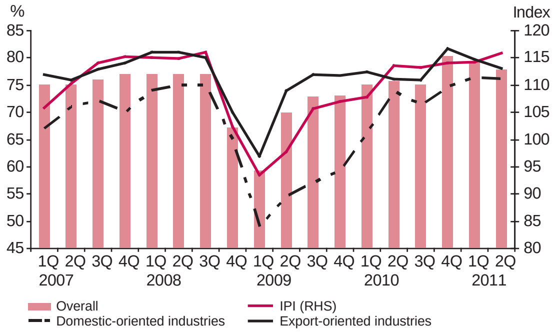
Moderate growth in most economic sectors

On the supply side, growth in most economic sectors moderated in the second quarter. The growth of manufacturing sector slowed, reflecting mainly the weaker global economic performance and the effect of the global supply disruptions on trade-related activities. Nonetheless, growth in the services sector was sustained by domestic-driven activities. The construction sector moderated due to delays in the implementation of infrastructure projects, while the performance of the commodities sector was mixed.

Value-added growth in the **manufacturing sector** slowed to 2.1% (1Q 11: 5.5%), as production of both the export-oriented and domestic-oriented industries recorded a more moderate growth. In the **export-oriented industries**, output of E&E continued to decline, dragged down by weaker performance of computers and semiconductors. In addition, there was a sharp fall in production of refined petroleum products, attributed to shutdowns in several crude oil production facilities for maintenance purposes. On the other hand, the continued expansion in **domestic-oriented industries** was supported by the robust performance of the construction-related cluster, which continued to benefit from domestic residential construction activity. However, the consumer-related cluster was affected by the disruption in the automotive supply chain following developments in Japan, with the production of transport equipment, particularly motor vehicles and its related parts, declining sharply.

Overall capacity utilisation rate in the manufacturing sector moderated marginally (78%; 1Q 11: 79%), reflecting the softer production growth in the sector. Export- and domestic-oriented industries operated at 78% and 76% of total capacity respectively during the quarter (1Q 11: 80% and 76% respectively).

Capacity utilisation rate in the manufacturing sector*



* Beginning 2009, the capacity utilisation rate in the manufacturing sector has been rebased from value-add in year 2004 to value-add in year 2006

Source: Bank Negara Malaysia & Department of Statistics, Malaysia

Performance of the Manufacturing Sector

	2010		2011		
	2Q	1H	1Q	2Q	1H
	Annual Change (%)				
Value Added (at constant 2000 prices)	**16.0**	**16.5**	**5.5**	**2.1**	**3.8**
Overall Production¹	**16.1**	**15.7**	**6.0**	**2.1**	**4.0**
Export-oriented industries	**14.4**	**14.4**	**5.1**	**1.6**	**3.3**
Electronics and electrical products cluster	**30.4**	**33.1**	**-5.3**	**-6.9**	**-6.1**
Of which:					
Electronics	19.3	21.5	-18.1	-14.9	-16.5
Electrical products	52.3	58.4	17.9	5.5	11.3
Primary-related industry cluster	**6.4**	**5.5**	**11.4**	**6.7**	**9.0**
Of which:					
Chemicals and chemical products	10.4	17.0	5.5	6.6	6.0
Petroleum products	-0.8	-12.3	26.0	2.2	13.6
Rubber products	19.1	27.7	12.4	21.2	16.8
Off-estate processing	0.2	2.2	-7.4	17.6	5.3
Domestic-oriented industries	**21.9**	**20.0**	**8.9**	**3.7**	**6.2**
Construction-related cluster	**23.1**	**22.5**	**22.1**	**17.6**	**19.7**
Of which:					
Construction-related materials	26.5	26.8	15.3	15.4	15.3
Fabricated metal products	19.0	17.1	32.0	20.6	25.8
Consumer-related cluster	**20.9**	**18.3**	**-0.3**	**-6.6**	**-3.5**
Of which:					
Transport equipment	38.6	39.5	-3.9	-15.2	-9.7
Food, beverage & tobacco products	12.2	7.3	6.7	1.8	4.1

¹ Industrial Production Index (2005=100)

Source: Department of Statistics, Malaysia

In the **services sector**, the growth in the **wholesale and retail trade** sub-sector was higher at 7.3% (1Q 11: 6.8%), as growth in the wholesale and retail segment remained resilient, supported by sustained income growth given the favourable labour market conditions. However, the motor vehicle segment declined, reflecting the lower sales of new motor vehicles due to the global supply disruptions. The continued increases in domestic private sector spending also supported the higher growth in the **accommodation and restaurant** sub-sector. The **finance and insurance** sub-sector expanded by 5.6% (1Q 11: 6.8%), led by the continued growth in net interest and fee-based income arising from favourable loan growth. Strong capital market-related activity also drove the sustained growth in the **real estate and business services** sub-sector (7.6%; 1Q 11: 8.8%).

Performance of the Services Sector (value added at constant 2000 prices)

	Share 2010 (%)	2010		2011		
		2Q	1H	1Q	2Q	1H
		Annual change (%)				
Intermediate Services	**43.7**	**7.3**	**8.0**	**6.8**	**6.0**	**6.4**
Finance & insurance	20.3	8.7	7.9	6.8	5.6	6.2
Real estate & business services	9.5	2.8	8.2	8.8	7.6	8.2
Transport & storage	6.6	9.0	8.5	4.3	4.7	4.5
Communication	7.4	8.3	7.5	6.4	6.5	6.5
Final Services	**56.3**	**7.4**	**8.0**	**6.1**	**6.5**	**6.3**
Wholesale & retail trade	23.6	8.8	9.2	6.8	7.3	7.1
Accommodation & restaurant	4.2	5.9	5.7	4.0	5.9	4.9
Utilities	5.2	9.0	12.7	1.3	2.4	1.8
Government services	13.0	8.0	7.8	9.4	8.6	9.0
Other services	10.2	3.6	4.1	3.9	4.6	4.3
Total Services	**100.0**	**7.4**	**8.0**	**6.4**	**6.3**	**6.4**

Source: Department of Statistics, Malaysia

Selected Quarterly Indicators in the Services Sector

	2010				2011	
	1Q	2Q	3Q	4Q	1Q	2Q
	Index					
MIER Consumer Sentiments Index	114.2	110.4	115.8	117.2	108.2	107.9
MIER Retail Trade Index	106.9	134.1	140.0	132.0	99.1	124.8
MIER Tourism Market Index	120.5	118.2	118.8	124.6	113.1	125.4
	Annual change (%)					
Tourist arrivals	5.3	3.9	5.6	1.2	-3.7	n.a.
Total passenger traffic at all airports	20.3	14.1	10.0	6.3	11.8	13.4
Total consumption credit outstanding	9.5	10.6	10.7	9.8	9.5	8.7
Loans outstanding to the wholesale & retail trade, hotels & restaurants	4.5	8.6	7.3	7.5	7.2	6.8
Imports of consumption goods	18.5	13.3	3.2	6.9	5.3	16.8
Total sales of motor vehicles	22.7	17.4	3.7	9.3	7.5	-9.7
Container cargo handled (Port Klang and PTP)	22.5	21.3	10.9	9.6	14.4	9.6

Source: Various sources

The expansion in the **construction sector** moderated to 0.6% (1Q 11: 3.8%) as the slow implementation of infrastructure projects contributed to the contraction in the civil engineering segment. The residential sub-sector expanded further, underpinned by positive sentiments amidst favourable employment and financing conditions, while the ongoing construction of commercial properties, especially office and retail space, continued to support the non-residential sub-sector.

Indicators for the Construction Sector

	2010		2011		
	2Q	1H	1Q	2Q	1H
	Annual change (%)				
New sales and advertising permits	14.9	22.1	25.1	11.6	17.7
Housing approvals	8.9	11.1	31.6	14.1	22.1
Production[1] of construction-related materials	23.1	22.5	22.1	17.6	19.7
Loans approved for construction	43.7	42.2	29.3	31.8	30.7
Imports of construction materials and mineral products	28.3	40.0	-1.8	22.5	10.4

[1] Industrial Production Index (2005=100)

Source: Ministry of Housing and Local Government, Department of Statistics, Malaysia and Bank Negara Malaysia.

In the commodities sector, value-added growth of the **agriculture sector** turned around to expand by 6.9% (1Q 11: -0.2%), reflecting mainly the increase in the output of both crude palm oil and natural rubber following the improvement in weather conditions. Conversely, the **mining sector** contracted by 9.2% (1Q 11: -4.2%), as production of crude oil declined further due to the shutdown of production facilities for maintenance.

Performance of the Agriculture Sector

	2010		2011		
	2Q	1H	1Q	2Q	1H
	Annual change (%)				
Value Added (at constant 2000 prices)	**2.8**	**4.9**	**-0.2**	**6.9**	**3.4**
Industrial Crops	**-3.3**	**2.1**	**-8.3**	**9.9**	**0.9**
Food Crops	**10.2**	**8.2**	**8.9**	**3.5**	**6.1**
Production					
Of which:					
Crude palm oil	-0.4	0.7	-7.7	22.2	7.7
Rubber	0.0	17.4	2.5	16.2	8.3
Fish	4.5	1.1	2.0	-1.4	0.2
Livestock	2.4	4.9	-6.3	6.7	0.2

Source: Malaysian Palm Oil Board (MPOB)
Malaysian Rubber Board (MRB)
Fisheries Department, Malaysia
Department of Veterinary Services, Malaysia
Department of Statistics, Malaysia

Performance of the Mining Sector

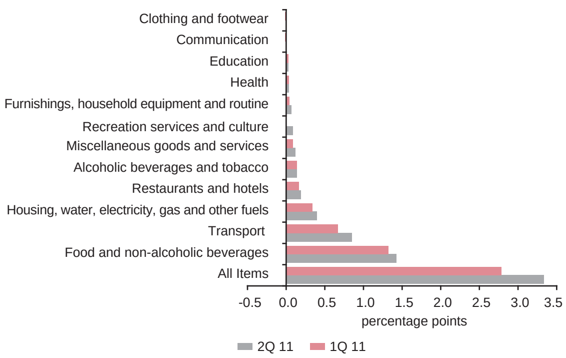
	2010		2011		
	2Q	1H	1Q	2Q	1H
	Annual change (%)				
Value Added (at constant 2000 prices)	**1.5**	**1.2**	**-4.2**	**-9.2**	**-6.6**
Production					
Of which:					
Crude oil and condensates	-1.6	-1.3	-7.3	-17.8	-12.5
Natural gas	0.4	1.4	-0.9	2.7	0.8

Source: PETRONAS
Department of Statistics, Malaysia

Inflation increased in the second quarter

Headline inflation, as measured by the change in the Consumer Price Index (CPI), rose to 3.3% on an annual basis in the second quarter (1Q 11: 2.8%), driven by supply factors. The increase in consumer prices was reflected mainly in the *food and non-alcoholic beverages* category, which rose by 4.7% (1Q 11: 4.3%). The increase in food prices was mainly the result of higher prices in the *meat* and *fish and seafood* sub-categories, which increased by 8.2% and 5.2% respectively (1Q 11: 5.5% and 3.5% respectively). The prices of fish and seafood rose due to supply disruptions. Prices in the *transport* category registered an increase of 5.7% (1Q 11: 4.4%), reflecting the upward adjustments in the price of RON97 petrol in April and May following higher global crude oil prices. These price increases, however, were partially mitigated by declining prices in the *clothing and footwear* category. The increase in electricity tariffs in June had minimal direct impact on the CPI, given that its impact is limited to households with electricity usage of more than 300kWh.

Contribution to Consumer Price Inflation



Source: Bank Negara Malaysia

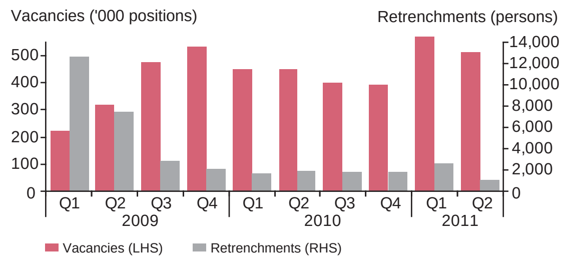
The Producer Price Index (PPI) increased at a higher rate of 10.2% on an annual basis during the quarter (1Q 11: 7.4%). The prices of commodity-related components were higher by 27.1% (1Q 11: 19.5%), while the prices of non-commodity-related components registered an increase of 2.3% (1Q 11: 1.7%). In terms of composition, prices in the imported components of the PPI recorded an increase of 2.8% (1Q 11: 1.8%), while prices in the local components rose by 13.6% (1Q 11: 9.9%).

Labour market conditions remained positive

Conditions in the labour market improved in the second quarter as the number of retrenchments declined by more than half from the preceding quarter to 1,105 persons (1Q 11: 2,621 persons). Most major sectors registered fewer layoffs, with the manufacturing sector recording a notable improvement (370 persons; 1Q 11: 1,822 persons) following fewer layoffs particularly in the E&E, wood, rubber and plastics industries. The services sector, however, recorded marginally higher retrenchments (656 persons; 1Q 11: 644 persons), accounted for mainly by the higher layoffs in the social and private services sub-sectors.

Labour demand during the quarter remained strong, as evidenced by the sustained high number of job vacancies posted on the JobsMalaysia Portal (514,189 positions; 1Q 11: 568,717 positions). During the quarter, the number of job openings was notably higher in the manufacturing, construction and mining sectors. In tandem with these positive developments, the overall unemployment rate improved to 3% during the first two months of the quarter (1Q 11: 3.1%). Nevertheless, real wages in the manufacturing sector expanded at a higher pace (4.8%; 1Q 11: 3.9%).

Labour Market Conditions



Source: Ministry of Human Resources

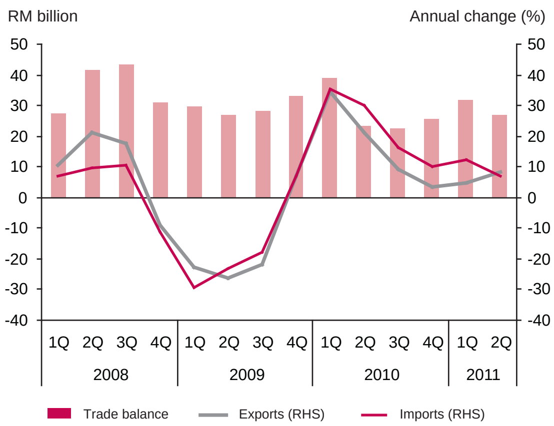
Exports expanded while imports increased moderately

The **trade surplus** amounted to RM27.1 billion during the quarter (1Q 11: RM31.8 billion). Gross exports expanded by 8.3% (1Q 11: 4.8%), led mainly by the exports of commodities and non-E&E products. Gross imports recorded a moderate growth of 7.1% (1Q 11: 12.4%), due mainly to the lower imports of intermediate and capital goods.

Growth in **gross exports** was supported by the stronger growth in commodity exports (28.8%; 1Q 11: 20.1%) and a small expansion in manufactured exports (1.2%; 1Q 11: -0.8%). The continued expansion in the exports of commodities and non-E&E products (9.1%; 1Q 11: 7.2%) was supported by higher commodity prices and stronger regional demand, particularly Japan's post-earthquake demand for energy generation capacity and reconstruction. Meanwhile, E&E exports continued to record a contraction as exports of computers and parts remained weak.

Growth in **gross imports** moderated as imports of capital and intermediate goods grew at a more moderate pace in the second quarter. The former was due mainly to lower imports of machineries, while the latter reflected the lower imports of parts and accessories of machineries, in tandem with the disruption in global production following the disasters in Japan. Nonetheless, the imports of consumption goods expanded strongly in the second quarter, reflecting sustained private consumption and higher prices for food and beverages.

External Trade Performance



Source: Department of Statistics, Malaysia

Trade Account

	2010		2011		
	2Q	1H	1Q	2Q	1H
	Annual change (%)				
Gross Exports	**21.2**	**27.5**	**4.8**	**8.3**	**6.6**
Manufactured	16.9	24.5	-0.8	1.2	0.2
E&E	*16.1*	*25.4*	*-7.5*	*-5.5*	*-6.5*
Non-E&E	*17.9*	*23.4*	*7.2*	*9.1*	*8.2*
Commodities	38.7	39.4	20.1	28.8	24.4
Agriculture	*22.1*	*33.2*	*25.1*	*42.1*	*33.4*
Minerals	*52.6*	*43.8*	*16.7*	*19.9*	*18.3*
Gross Imports	**30.2**	**32.7**	**12.4**	**7.1**	**9.6**
Capital goods	26.5	18.1	9.3	3.5	6.2
Intermediate goods	30.5	33.9	13.9	4.8	9.0
Consumption goods	13.3	15.8	5.3	16.8	11.1
Trade balance (RM billion)	**23.4**	**62.4**	**31.8**	**27.1**	**58.9**

Source: MATRADE and Department of Statistics, Malaysia

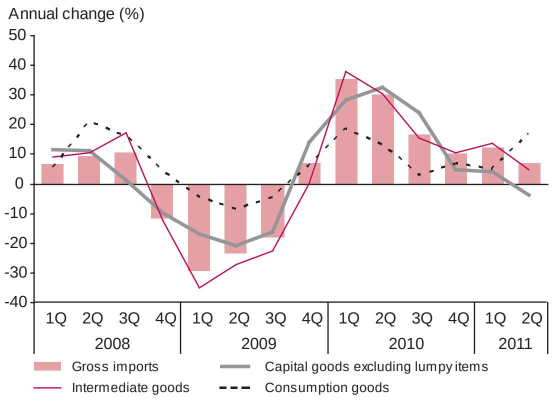
Malaysia: Direction of Exports

	2010		2011			2010		2011		
	2Q	1H	1Q	2Q	1H	2Q	1H	1Q	2Q	1H
	Annual change (%)					Share of total exports (%)				
United States	**5.1**	**7.8**	**-8.0**	**-7.4**	**-7.7**	**10.0**	**9.7**	**8.3**	**8.5**	**8.4**
European Union (EU)	**22.4**	**25.7**	**5.5**	**2.4**	**3.9**	**10.8**	**10.7**	**10.7**	**10.2**	**10.4**
Selected ASEAN countries[1]	**17.0**	**27.3**	**-0.3**	**5.9**	**2.7**	**25.2**	**25.6**	**24.6**	**24.6**	**24.6**
North East Asia	**27.8**	**41.2**	**2.2**	**8.8**	**5.4**	**24.5**	**24.8**	**24.4**	**24.6**	**24.5**
People's Republic of China	*27.7*	*45.6*	*3.2*	*9.0*	*6.0*	*12.4*	*12.8*	*12.9*	*12.5*	*12.7*
Hong Kong SAR	*22.6*	*29.0*	*-1.7*	*-4.7*	*-3.3*	*5.4*	*5.1*	*4.6*	*4.7*	*4.6*
Chinese Taipei	*48.9*	*60.8*	*18.0*	*15.3*	*16.6*	*3.1*	*3.0*	*3.2*	*3.3*	*3.2*
Korea	*20.8*	*32.3*	*-6.9*	*22.6*	*6.4*	*3.6*	*3.9*	*3.8*	*4.0*	*3.9*
West Asia	**-0.3**	**7.3**	**17.6**	**6.8**	**12.0**	**3.6**	**3.4**	**3.7**	**3.5**	**3.6**
India	**14.5**	**18.0**	**23.7**	**45.2**	**33.9**	**3.0**	**3.2**	**3.9**	**4.1**	**4.0**
Total exports	**21.2**	**27.5**	**4.8**	**8.3**	**6.6**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

[1]Singapore, Thailand, Indonesia, Philippines, Brunei Darussalam and Vietnam

Source: Department of Statistics, Malaysia

Import Growth



Source: Department of Statistics, Malaysia

Higher inflows of FDI and portfolio investment

On a cash basis, gross inflows of **foreign direct investment (FDI)*** were higher at RM13.4 billion in the second quarter (1Q 11: +RM7.6 billion), on account of higher inflows of equity capital and drawdowns of inter-company loans. After adjusting for gross outflows due mainly to repayments of inter-company loans, net FDI was also higher at RM6.2 billion (1Q 11: +RM4 billion). During the quarter, the bulk of FDI inflows was undertaken mainly by companies in the finance, insurance and business services sub-sector. FDI in the manufacturing and oil and gas sectors remained sizeable.

Net outflows of **direct investment abroad (DIA)*** by Malaysian companies increased to RM9.4 billion (1Q 11: -RM3.7 billion), reflecting largely higher outflows of equity capital and net extensions of inter-company loans to subsidiaries abroad. Investment abroad by Malaysian companies was channelled mainly into the services sector, particularly the finance and insurance, business services and communications sub-sectors.

Portfolio investment recorded a larger net inflow of RM37.6 billion (1Q 11: +RM8.1 billion). The significantly higher inflows reflected mainly purchases of debt securities, particularly central bank and government securities by non-residents. There were also sizeable inflows of funds into the equity market. Despite heightened concerns on the global growth outlook and the European sovereign debt crisis, inflows of portfolio funds continued to be buoyed by the strong fundamentals and favourable growth prospects of the domestic economy.

External debt remained manageable

Malaysia's **total external debt** amounted to RM241.7 billion or USD79.1 billion as at end-June 2011 (end-Mar: RM233.5 billion or USD76.4 billion), equivalent to 30% of GNI.

The **medium- and long-term external debt** increased to RM149.5 billion (end-Mar: RM142.3 billion), reflecting mainly the net borrowing position of the private sector due to higher borrowings by both the bank and non-bank sectors. The public sector, however, recorded a net repayment position following loan repayments by several NFPEs during the quarter.

As at end-June, the **short-term external debt** amounted to RM92.2 billion or USD30.2 billion (end-Mar: RM91.1 billion), reflecting mainly higher interbank borrowings. Short-term external debt accounted for 38.1% of total external debt. The latest international reserves position as at 29 July 2011 is able to cover 4.4 times the short-term external debt.

External Debt Outstanding

	2010	2011	
	end-June^p	end-Mar^p	end-June^p
	RM billion		
Medium- and long-term debt	149.9	142.3	149.5
Public sector	85.4	77.2	77.5
Private sector	64.6	65.1	72.0
Short-term debt[1]	72.2	91.1	92.2
Total external debt	**222.2**	**233.5**	**241.7**
USD billion equivalent	67.3	76.4	79.1
External debt/GNI	30.0	29.0	30.0
Reserves/Short-term external debt	4.3	3.8	4.4[2]

[1] Excludes currency and deposits held by non-residents with resident banking institutions
[2] Based on reserves as at 29 July 2011
[p] Preliminary

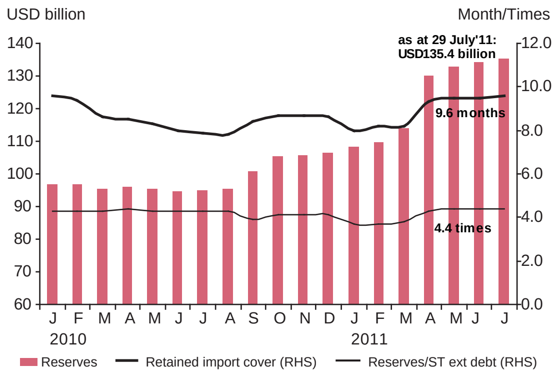
Source: Ministry of Finance, Malaysia and Bank Negara Malaysia

* The statistics for FDI and DIA on a cash basis does not include retained earnings.

International reserves remained high

The international reserves of Bank Negara Malaysia amounted to RM406.3 billion (equivalent to USD134.3 billion) as at 30 June 2011. The reserves level has taken into account the quarterly adjustment for foreign exchange revaluation gain following the strengthening of some major currencies against the ringgit during the quarter. As at 29 July 2011, the reserves position amounted to RM409.6 billion (equivalent to USD135.4 billion), sufficient to finance 9.6 months of retained imports and is 4.4 times the short-term external debt.

Net International Reserves (as at end period)



Source: Bank Negara Malaysia

Improved fiscal position on higher revenue collection

The Federal Government recorded a small fiscal surplus of 0.4% of GDP in the second quarter. Total revenue grew at 18.3%, contributed mainly by higher petroleum and individual income taxes. In terms of expenditure, the increase was due largely to higher operating expenditure from the payment of subsidies, and supplies and services. As at end-June 2011, total outstanding debt of the Federal Government amounted to RM437.2 billion or 52.7% of GDP.

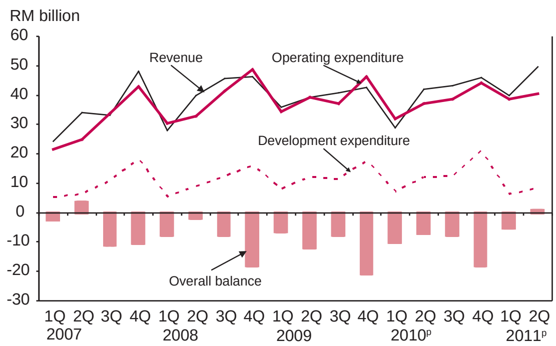
Federal Government Finance[p]

	2010		2011		
	2Q	1H	1Q	2Q	1H
	RM billion				
Revenue	42.0	70.7	39.8	49.6	89.4
% growth	6.6	-6.0	38.4	18.3	26.4
Operating expenditure	37.1	69.0	38.7	40.6	79.2
% growth	-5.8	-6.4	21.2	9.5	14.9
Current account	**4.9**	**1.7**	**1.1**	**9.1**	**10.2**
% of GDP	***2.6***	***0.5***	***0.5***	***4.3***	***2.5***
Gross development expenditure	12.1	19.4	6.4	8.3	14.8
% growth	0.1	-4.5	-12.0	-31.3	-24.0
Overall balance	**-7.1**	**-17.3**	**-5.2**	**0.8**	**-4.4**
% of GDP	***-3.8***	***-4.7***	***-2.6***	***0.4***	***-1.1***
Memo item:					
Total gross expenditure	49.2	88.4	45.1	48.9	94.0
% growth	*-4.4*	*-6.0*	*15.0*	*-0.5*	*6.4*
Total Federal Government debt					
(as at end-period)	388.1	388.1	430.2	437.2	437.2
% of GDP	*50.7*	*50.7*	*51.8*	*52.7*	*52.7*
Domestic debt	371.0	371.0	414.2	421.0	421.0
% of GDP	*48.4*	*48.4*	*49.9*	*50.7*	*50.7*
External debt	17.1	17.1	15.9	16.2	16.2
% of GDP	*2.2*	*2.2*	*1.9*	*1.9*	*1.9*

[p] Preliminary

Source: Ministry of Finance

Federal Government Finance



[p] Preliminary

Source: Ministry of Finance